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Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AF-10 ARA-10 EA-10
EUR-12 NEA-10 OIC-02 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 DOEE-00 JUSE-00 /168 W
----------041668 241841Z /50
P 241702Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8779
INFO AMEMBASSY TOKYO

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USMTN
ACTION STR PASS ELECTRICALLY
STR PASS CODEL

E.O.11652:N/A
TAGS: MTN, ETRD, JA
SUBJECT: JAPANESE REQUEST LIST FOR IMPROVEMENTS IN
U.S. TARIFF OFFER

REF: GENEVA 5769

1. A U.S.-JAPAN BILATERAL SESSION ON THE JAPANESE REQUEST LIST FOR IMPROVEMENTS IN U.S. TARIFF OFFER IS SCHEDULED ALL DAY APRIL 26. AN UNIDENTIFIED MITI OFFICIAL, BELIEVED TO BE IN TARIFF DIVISION, IS TRAVELING TO GENEVA WITH PERHAPS OTHERS TO CONDUCT THIS SESSION FOR JAPAN, WHICH WILL INCLUDE JAPANESE DELEGATION OFFICIALS.

2. THIS BILATERAL, SCHEDULED AT REQUEST OF UDAGAWA OF MITI'S TARIFF DIVISION, WILL BE HELD IN CONTEXT OF
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FOLLOWING:

A. JAPANESE DELEGATION EARLIER THIS MONTH HEADED BY UDAGAWA AND USMTN DELEGATION MET IN SEVENTEEN HOURS OF LINE-BY-LINE EXPLANATION OF U.S. REQUEST LIST TO JAPAN, WHICH HAD APPROXIMATELY 500 TARIFF LINE ITEM REQUESTS .

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B. USMTN DEL WILL UNDERTAKE A SIMILAR EXERCISE CONCERNING JAPANESE REQUESTS ON APPROXIMATELY 1,500 FIVE AND SEVEN DIGIT TSUS ITEMS. THIS IS NECESSARY TO ASSURE THAT USG IS NOT SEEN BY JAPAN AS GIVING SHORT SHRIFT TO JAPANESE REQUESTS, EVEN THOUGH OVERWHELMING MAJORITY OF JAPANESE REQUESTS ARE THINGS USG CANNOT LEGALLY DO (SEPTEL ANALYZES THOSE REQUESTS), AND TO HELP ASSURE POSITIVE JAPANESE RESPDNSE TO U.S. REQUEST LIST.

C. JAPAN STILL APPEARS TO BE DETERMINED TO PRESENT AND DISCUSS ITS REQUEST LIST "AT HIGH LEVELS" IN USG (PARA 3 REFTEL) AS WELL AS IN GENEVA BILATERALS, DESPITE FACT AMB. STRAUSS TOLD MINISTER USHIBA APRIL 10 THAT THERE IS NO POINT WASTING TIME ASKING FOR THINGS THAT ONE OF US CAN'T GIVE EVEN IF WE WANTED TO. (GENEVA 5516.)

D. U.S. TARIFF OFFER WOULD REDUCE APPLIED U.S. TARIFF RATES ON DUTIABLE IMPORTS FROM JAPAN BY AVERAGE OF 48 PERCENT WHILE JAPANESE OFFER WOULD REDUCE APPLIED JAPANESE TARIFF RATES ON DUTIABLE IMPORTS FROM U.S. BY AVERAGE OF 18 PERCENT. JAPAN DOES NOT RECOGNIZE THIS HUGE GAP BECAUSE OF BASE RATES/BASE DATE DIFFERENCES BETWEEN THE TWO COUNTRIES. MOREOVER, GAP BETWEEN TRADE VALUE OF U.S. OFFERS AND JAPANESE OFFERS IS ALSO HUGE (PARA 4 REFTEL).

E. JAPANESE REQUESTS ARE ESSENTIALLY SELECTIVE RATE-
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MATCHING EXERCISE ON ITEMS OF INTEREST TO JAPAN WHICH LARGELY IGNORE PRESIDENT'S AUTHORITY.

3. USMTN DEL INTENDS IN SCHEDULED BILATERAL TO:

A. IDENTIFY TARIFF ITEMS WHERE PRESIDENT HAS NO AUTHORITY TO REDUCE TARIFFS (MANDATORY EXCEPTIONS) AND TARIFF ITEMS WHERE PRESIDENT HAS ALREADY USED UP HIS TRADE ACT AUTHORITY (60 PERCENT REDUCTION FOR ITEMS OVER 5 PERCENT AD VALOREM), BUT NOT DISCUSS THESE ITEMS.

B. OBTAIN JAPANESE EXPLANATION AND RATIONALE FOR THEIR REQUESTS ON REMAINING ITEMS. THESE INCLUDE FULL AND PARTIAL EXCEPTIONS TO FORMULA, AND ITEMS WHERE WE OFFERED FORMULA OR GREATER THAN FORMULA CUTS (BUT NOT FULL 60 PERCENT REDUCTION), BUT WHERE JAPAN ASKS FOR MORE.

4. USMTN DEL WOULD APPRECIATE ANY GENERAL OBSERVATIONS OR GUIDANCE WASHINGTON MAY WISH TO PROVIDE TO ASSIST DELEGATION. CULBERT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOCUMENTS, TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA06185
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780174-1163
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780425/aaaaauuj.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3dd5c9a8-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 5769
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2873414
Secure: OPEN
Status: NATIVE
Subject: JAPANESE REQUEST LIST FOR IMPROVEMENTS IN U.S. TARIFF OFFER
TAGS: ETRD, JA, MTN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/3dd5c9a8-c288-dd11-92da-001cc4696bcc
Review Markings:
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Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014